



**RCA
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 8
AGENDA DATE: Thu 04/07/2005
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SUBJECT: Approve an ordinance authorizing negotiation and execution of an Economic Development Agreement and creating an economic development program for FREESCALE SEMICONDUCTOR, INC., providing for economic incentives for a period of 10 years, including rebate of 100% of City property tax, payroll incentives, and airport financial assistance.

AMOUNT & SOURCE OF FUNDING: Estimated total amount of City incentives over a 10-year period is \$11,000,000.

FISCAL NOTE: There is no unanticipated fiscal impact. A fiscal note is not required.

REQUESTING Economic Growth and **DIRECTOR'S**
DEPARTMENT: Redevelopment Services **AUTHORIZATION:**

FOR MORE INFORMATION CONTACT: Sue Edwards, Director, Economic Growth and Redevelopment; David Lloyd, Assistant City Attorney

PRIOR COUNCIL ACTION: N/A

BOARD AND COMMISSION ACTION: N/A

PURCHASING: N/A

MBE / WBE: N/A

The Economic Growth and Redevelopment Services Office recommends approval of the proposed ordinance, which authorizes negotiation and execution of an economic development agreement with Freescale Semiconductor, Inc., ("Freescale") under which Freescale maintain corporate headquarters in Austin, and invest an estimated \$414 million in real and personal property, including capital equipment, in the Desired Development Zone. City real and personal property tax would be rebated to Freescale for a period of ten years. Under the proposal, Freescale would create a minimum of 200, and up to 500 new jobs in the Desired Development Zone. Freescale would also be eligible for a headquarters payroll incentive based on a number of headquarters positions, estimated at up to 300, to be moved into the Desired Development Zone from the Drinking Water Protection Zone.

The total estimated amount of real and personal property tax to be rebated to Freescale over a ten year period is estimated at \$6,742,130. The maximum total payroll incentive under the proposal is estimated at \$3,385,557. The City will also provide financial assistance for airport amenities not to exceed \$500,000. The total estimated amount of city incentives is \$10,627,687.